



Press relations

results Q4 2018

Press presentation

13 February 2019

Highlights – solid operational delivery in Q4, good FY2018 net profit

- Result Q4 2018 of 316m
- Full year result 2.3bn, ROE 11.4%
- Cost income ratio 2018 at 58.8%, from 60.1% in 2017
- CET1 ratio of 18.4% from 17.7% in 2017, leverage ratio of 4.2%
- FY dividend proposal 1.45 per share, 62% pay-out

Banking for better, for generations to come

Sustainability



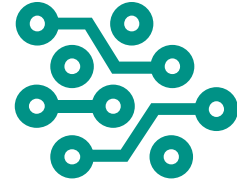
Support transition to sustainable business model

Customer experience



Effortless and recognisable customer experience

Future-proof bank



Continued improvements

Making good progress on sustainability

Introducing new options for home sustainability



Helping companies with their sustainable investments



Growing our renewable energy portfolio to 20% in 2020



ABN AMRO high score in Dow Jones Sustainability Index



Sustainability is not only green

Video banking preferred way of contact for mortgages



Financial taskforce countering illegal wildlife trade



Reaching out to customers with interest-only mortgages



Financial care coaches helping senior customers



Accelerating Client Due Diligence

Our gatekeeper role in preventing financial crime

- Client Due Diligence (CDD) foundation in place
- Workforce tripled to c.1,000 FTEs and costs to c.100m per annum, since 2013

Foundation Client Due Diligence (CDD) in place

Client Identification & Verification	Know Your Client	Risk Assessment	Transaction Monitoring
verify client identification details	collect client information	determine client profile	detecting & analysis of unusual transactions

- CDD review of main CIB portfolios completed. Review of Private Bank clients and high risk retail clients largely completed
- Now accelerating on remediation programmes with expense provision of 85m in Commercial Banking (55m) and in ICS (30m), expanding teams by c.400 FTEs

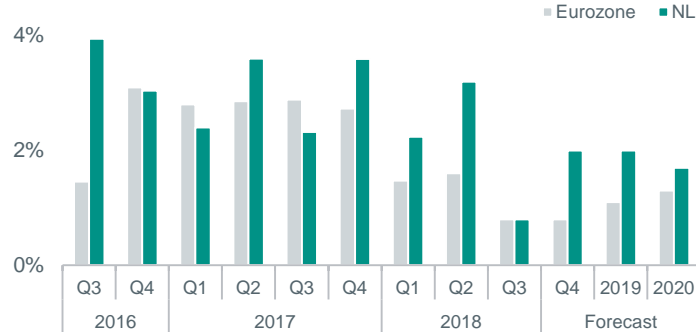
Raising the bar on detecting financial crime

- Regulatory requirements and scrutiny are intensifying further
- Enhance client identification & verification for retail clients
- Further strengthening and enhancement of CDD activities
 - skills, capacity and systems
 - bank-wide governance, centralise selected skills & expertise to enhance control, uniformity and synergies
 - more innovation and use of artificial intelligence, while creating an effortless client experience
 - continue building out public/private partnerships for intelligence, solutions and CDD ecosystem

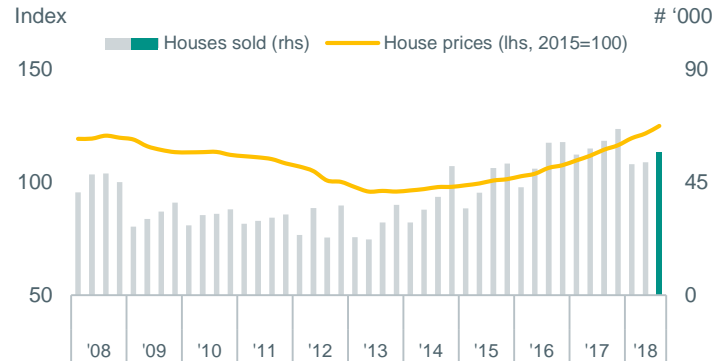
Dutch economy performing well

Dutch economy outperforming Eurozone

GDP growth annualised



Strong performance Dutch housing market



- Dutch GDP growth expected at 2.0% in 2019, outperforming Eurozone estimate of 1.1%. Dutch unemployment estimated at 3.6% by YE2019, well below 8.0% for Eurozone
- Dutch housing market performs well, though shortage in supply continues. Price increase expected to continue until 2021
- Infrastructure and contingency plans for no-deal Brexit in place, limited direct UK exposure. Macro-economic impact remains uncertain

Solid operational delivery in Q4, good FY2018 net profit

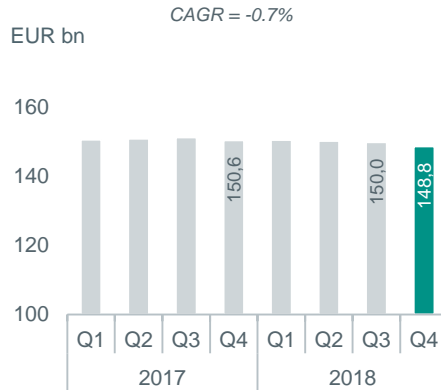
EUR m	2018 Q4	2017 Q4	Delta	2018	2017	Delta
	IFRS9	IAS39		IFRS9	IAS39	
Net interest income	1,642	1,696	-3%	6,593	6,456	2%
Net fee and commission income	426	443	-4%	1,699	1,747	-3%
Other operating income	90	290	-69%	800	1,086	-26%
Operating income	2,157	2,429	-11%	9,093	9,290	-2%
<i>o/w incidentals</i>	<i>20</i>	<i>208</i>		<i>185</i>	<i>475</i>	
Operating expenses	1,514	1,653	-8%	5,351	5,582	-4%
<i>o/w incidentals</i>	<i>158</i>	<i>237</i>		<i>271</i>	<i>405</i>	
Operating result	643	776	-17%	3,742	3,708	1%
Impairment charges	208	-34		655	-63	
Income tax expenses	119	268	-55%	762	979	-22%
Profit	316	542	-42%	2,325	2,791	-17%

Key points

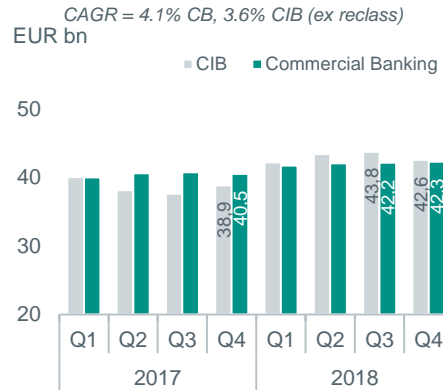
- Net profit of 316m in Q4. FY at 2,325m, reflecting steady progress on strategy execution
- Adjusted for incidentals, strong NII in both Q4 and FY
- Expenses trending down in both Q4 and FY, reflecting cost savings, lower FTEs and lower restructuring costs
- Elevated impairments on specific clients & sectors in CIB and CB throughout 2018

Client lending modestly lower reflecting mortgage discipline and CIB refocus

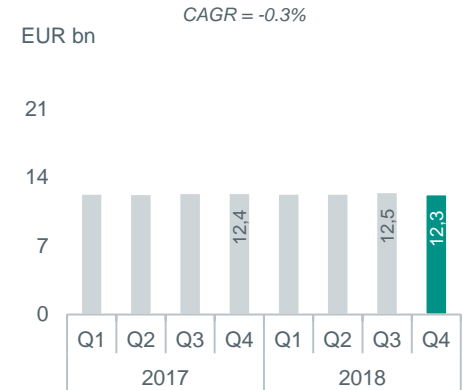
Mortgage client lending



Corporate client lending



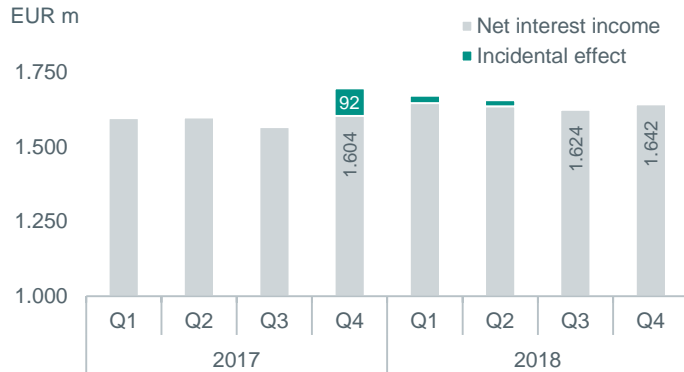
Consumer loans client lending



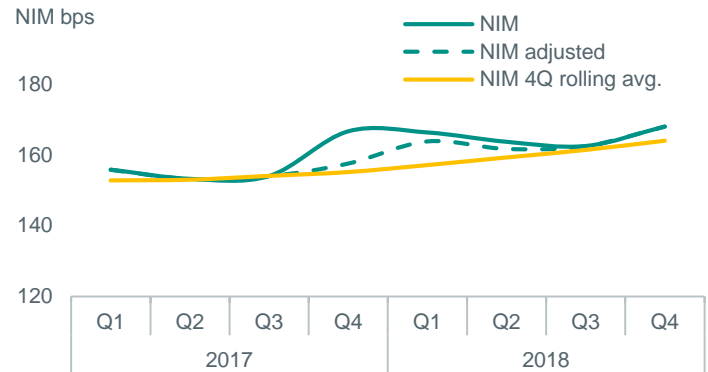
- Lower mortgage volume, reflecting year-end redemptions and lower origination from maintaining pricing discipline in a competitive environment
- Corporate loans down in Q4 reflecting progress CIB refocus (mainly TCF incl. Diamonds, incl. seasonal effects)
- Commercial Banking saw growth in corporate loans

Strong net interest income

Net Interest Income (NII)



Net Interest Margin (NIM)

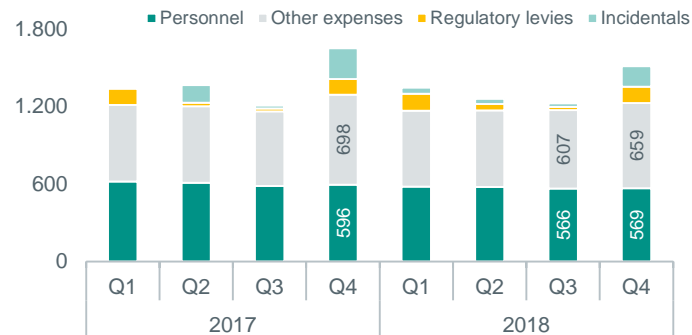


- NII, excluding Q4 2017 incidentals, up 2%, reflecting corporate loan growth, margin discipline, partly offset by lower mortgage loans
- NIM flat vs Q4 last year, up vs Q3 reflecting balance sheet management and higher ALM results
- NII headwinds expected reflecting pressure on deposit margins and funding spreads

Operating expenses continue to trend down

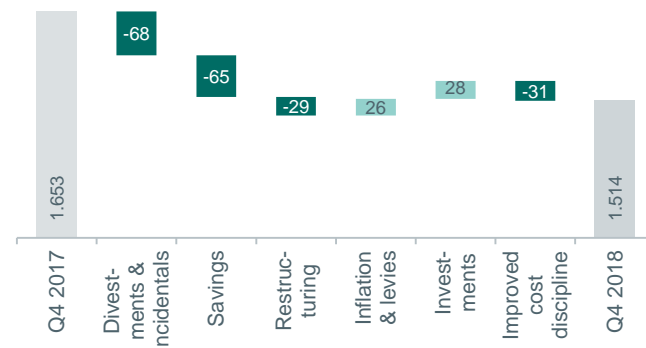
Operating expenses

EUR m



Transition operating expenses

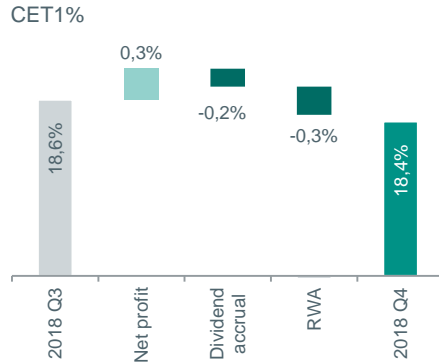
EUR m



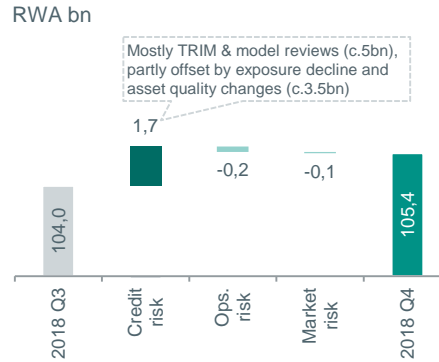
- Personnel expenses, excl. restructuring provisions, continue to trend down, reflecting lower FTEs
- Other expenses excl. levies and incidentals down, mainly reflecting branch & ATM reduction and divestments. Cost up vs Q3, mainly reflecting higher I&T costs and consultancy costs
- Cost savings 65m vs. Q4 2017, cumulative cost savings of 695m delivered at YE2018
- Expense provision of 85m for accelerating Client Due Diligence remediation programmes

Strong capital ratios, further RWA headwinds expected

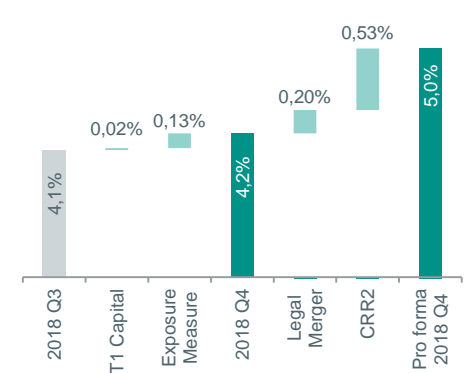
Fully loaded Basel III CET1 capital



Risk weighted assets



Fully loaded leverage ratio



- CET1 at 18.4%, reflecting dividend accrual and net RWA increase from TRIM & model reviews, no material impact on Basel IV
- Headwinds expected from industry-wide NPE guidance, model reviews (TRIM), partly offset by CIB refocus. Most impact expected in Basel III and to a lesser extent in Basel IV
- Leverage ratio at 4.2%. Legal Merger expected to result in 0.2% uplift, CRR2 implementation another 0.5% uplift

Highlights – solid operational delivery in Q4, good FY2018 net profit

Financials

- Net profit of 316m in Q4, reflecting expense provision and elevated impairments
- NII and fees remained strong in Q4
- Costs in Q4 continue to trend down reflecting benefits from cost saving programmes
- Elevated impairments in corporate loans in Q4. CoR of 24bps in FY2018
- FY2018 net profit at 2,325m, C/I ratio of 58.8% and ROE of 11.4%
- Strong CET1 ratio at 18.4%, leverage ratio at 4.2%. Basel IV CET1 ratio at c.13.5% excluding mitigations
- Total dividend of 1.45 per share with pay-out ratio at 62%, up from 50%

Strategic

- Well on track to deliver on 2020 financial targets
- CIB refocus progressing well. Cost reduction on track, profitability up
- Acceleration of Client Due Diligence remediation programmes
- Dutch GDP expected to continue to outperform Eurozone in 2019, Investor Day guidance remains in place
- Intention to execute legal merger, subject to approval from depositary receipts holders, shareholders and regulators



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Questions

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